

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04  
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01  
/099 W

-----181542Z 080233 /65

P R 181500Z JAN 77  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC PRIORITY 8834  
INFO USMISSION EC BRUSSELS PRIORITY  
USDEL MTN GENEVA  
AMCONSUL BORDEAUX

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E.O. 11652: N/A  
TAGS: ETRD, EMIN, EEC, FR  
SUBJECT: NEW CHALLENGE TO FRENCH IMPORT RESTRAINT  
ON PHOSPHATE FERTILIZERS

REF: A) PARIS 1322; B) EC BRUSSELS 394

SUMMARY: IMPENDING SHIPMENT OF US FERTILIZER TO  
FRANCE VIA BELGIUM FACES GOF WITH POSSIBILITY OF  
ACTING PUBLICLY IN VIOLATION OF BOTH GATT AND ROME  
TREATY. THIS COULD ACCELERATE UNILATERAL IMPOSITION  
OF ARTICLE 19 QUOTAS AND STIMULATE NEW DEFENSIVE  
CRITICISM OF US TRADE POLICIES. END SUMMARY.

1. AFTER DISPATCH OF REF A WE WERE APPROACHED BY  
BELGIAN FIRM DEMUFERT WHO IS ABOUT TO SHIP 8,500 TONS  
OF U.S. ORIGIN DAP FROM ANTWERP TO BORDEAUX AND WHOSE  
FRENCH CONSIGNEE AND SUBSIDIARY SODEFAG HAS BEEN  
UNABLE TO OBTAIN FRENCH "ADMINISTRATIVE VISA."  
DEMUFERT CLAIMS THAT THIS CARGO, WHICH WAS SOLD BY  
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LEONARD J. BUCK & CO. OF MORRISTOWN, NEW JERSEY, HAS  
ALREADY BEEN ENTERED THROUGH BELGIAN CUSTOMS AND IS  
THUS EC CARGO (THOUGH NEVER ACTUALLY OFFLOADED IN  
ANTWERP FROM CHARTERED SOVIET-FLAG VESSEL WHICH  
BROUGHT IT FROM TAMPA, FLORIDA). DEMUFERT HAS WRITTEN  
ASSURANCE FROM EC COMMISSION OFFICIAL THAT FRENCH  
DENIAL, OR UNDUE DELAY IN ISSUANCE, OF VISA WOULD BE

IN VIOLATION OF ACT 30 OF TREATY OF ROME. DEMUFERT IS DETERMINED TO GO AHEAD WITH SHIPMENT ON ASSUMPTION THAT FRENCH WOULD NOT WISH TO RISK COMMISSION SCRUTINY OF GOF ABUSE OF VISA TECHNIQUE. WITHOUT ADVISING SODEFAG OF WISDOM OF THIS COURSE WE UNDERTOOK TO SEEK GOF REACTION.

2. WE LEARNED FROM MOIR (POULIN) THAT GOF IS VERY MUCH AWARE OF THIS CASE BUT HAS NOT DECIDED HOW TO HANDLE IT. ONE POSSIBILITY SUGGESTED BY POULIN IS THAT PRIME MINISTER WILL ANNOUNCE FORMAL QR'S WITHIN 48 HOURS, I.E. EVEN BEFORE ARTICLE 113 COMMITTEE MEETING JANUARY 20 (REF. B). POULIN REFUSED TO COMMENT WHETHER CARGO WOULD THEN BE ADMITTED AS IN TRANSIT BEFORE EFFECTIVE DATE OR UNDER SODEFAG QUOTA, IF ANY, OR WOULD BE DENIED ENTRY. HE URGED THAT SHIPMENT NOT BE MADE.

3. DEMUFERT IS READY TO GO BATTLE WITH GOF ON THIS AS MATTER OF PRINCIPLE AND HAS ENJOINED EMBASSY SUPPORT. WE POINTED OUT THAT LIBRE PERMIS ASPECT IS EC PROBLEM BEYOND OUR COMPETENCE, BUT THAT INITIAL WITHHOLDING OF ADMINISTRATIVE VISA ON US ORIGIN DAP PROVIDES BASIS FOR EMBASSY DEMARCHE AS IN BEKER CASE. DEMUFERT PRESIDENT DEMUNCK SAID HE WAS READY TO MAKE THIS CASE A "FRENCH WATERGATE" IF NECESSARY, BY CALLING IN PRESS AND TV.

EMBASSY COMMENT: GOF IS ON THE HORNS OF A REAL LIMITED OFFICIAL USE

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DILEMMA IN THIS CASE. PRIMIN BARRE AND FOREIGN TRADE MINISTER ROSSI ARE EAGER TO PORTRAY FRANCE AS FREE-TRADING, ANTI-PROTECTIONIST OASIS, IN A DESERT OF BANDITS (E.G. U.S. AND JAPAN), BUT ARE VIRTUALLY COMMITTED TO SUPPORT OF DOMESTIC FERTILIZER INDUSTRY. ONLY WAY THEY CAN HAVE IT BOTH WAYS IN THIS SITUATION IS TO MAKE BANDIT LABEL STICK ON US AS HARBORER OF DUAL-PRICING CARTEL IN PHOSPHATE SECTOR. IF, AS WE ANTICIPATE, FORMAL QUOTAS ARE INTRODUCED BY FRENCH OVER NEXT FEW DAYS, WE CAN THUS EXPECT ANNOUNCEMENT TO FEATURE STRONG ATTACK ON USG AND US PHOSPHATE INDUSTRY.  
RUSH

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IMPORTS, FERTILIZERS, PHOSPHATES, PRICES  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
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**Reference:** 77 PARIS 1322, 77 EC BRUSSELS 394  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
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**Review Event:**  
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**Status:** NATIVE  
**Subject:** NEW CHALLENGE TO FRENCH IMPORT RESTRAINT ON PHOSPHATE FERTILIZERS  
**TAGS:** ETRD, EMIN, FR, US, EEC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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